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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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DAILY DIGEST

Date: MAR 28 1951

- NOTE:
1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
 2. Comments represent the preliminary views of the Office of Current Intelligence.
 3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities.
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

DIA review(s) completed.

NAVY HAS NO OBJECTION TO DECLASSIFICATION
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NAVY and DOS review(s) completed.

TOP SECRET

SECTION 1 (SOVIET)

"B" USSR. Moscow Pushes Scrap Metal Salvage Campaign. Considerable internal publicity is being devoted to the current scrap metal drive, said to be "a matter of great state importance," and "essential to the success of plans for expanded metallurgical production in the USSR." A PRAVDA editorial directed criticism at the Ministry of Transport and at responsible organizations in the Byelorussian and Kazakh Republics. Moscow, Leningrad, Saratov, Gorky, Sverdlovsk, and Chelyabinsk oblasts. [REDACTED]

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COMMENT: This drive is quite unusual not only because the use of scrap metal is seldom if ever mentioned, but also because of the attention paid to the present, apparently great, need for it. Perhaps as a propaganda cover, an effort is made to link this drive with such peaceful construction projects as the planned Volga hydroelectric complex.

"C" Soviet Commentator Applauds Chinese-North Korean Cooperation. In a domestic broadcast, a Soviet radio commentator reviewed the history of Chinese-Korean relations and defended Chinese participation in the Korean war as a measure to protect China's borders. He professed confidence in the ability of the Korean people, together with the Chinese volunteers, to "resist all attempts of the foreign enemy." [REDACTED]

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COMMENT: There has been no suggestion as yet in Soviet propaganda that the Communists in Korea could expect any additional aid from the USSR.

"B" Rumored Soviet Effort to Encourage Lebanese Neutrality. The Baghdad radio reported that circles in Beirut learned that the Soviet Minister at Beirut had told the Lebanese Premier that the Soviet Govt "is very pleased to see Lebanon adhering to neutrality." The British-controlled Near East Arabic radio reported that the Soviet Minister had informed the Lebanese Govt that the USSR desired to see Lebanon neutral in any East-West conflict. [REDACTED]

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COMMENT: No credence can be given the Baghdad report in view of Lebanon's pro-Western record in the UN, excepting perhaps in reference to the Lebanese Foreign Minister's denial that McGhee had proposed a political agreement between Lebanon and the US during his recent visit to Beirut. The British-controlled radio report seems more credible since there have been steady reports all winter of alleged Soviet approaches to Near Eastern Govts on the subject of neutrality, and the neutralization of the Arab states is a major Soviet aim. While there has been no specific evidence that any such approaches have been made to Near Eastern Govts by the USSR since the fall, it is certainly possible that Soviet interest in the subject could have led them to informal soundings in various Arab states.

TOP SECRET

TOP SECRET

"B" EASTERN EUROPE. FINLAND. Trade Delegation in Moscow. US Emb Moscow notes a total lack of Soviet press coverage regarding the arrival of a Finnish trade delegation in Moscow on 19 Mar. A member of the Finnish delegation described the purpose of the visit as one of renegotiating the prices of 1951 trade exchanges. The delegate stressed that the USSR was exerting no pressure in the negotiations, and added that the meetings were not concerned with reparations. The Finn was non-committal regarding any connection between the delegations visit and the signing during recent weeks of 1951 Soviet-Satellite trade protocols. [REDACTED]

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COMMENT: A tripartite trade protocol was signed in Moscow 22 March 1951 by the USSR, Poland and Finland, under which part of Finland's exports to the USSR are paid for by Polish exports to Finland. On 2 Dec 1950 Finland and the USSR signed an agreement fixing the prices and quantities of approximately two thirds of the commodities to be exchanged between them in 1951. It was also agreed that in the spring of 1951 prices on the remaining commodities to be exchanged would be determined on the basis of prevailing world prices, and multilateral deliveries to be made to Finland by other Soviet bloc countries would be negotiated.

"B" POLAND. Increased Surveillance and Pressure on US Emb Staff. The US Amb in Warsaw reports evidence of increasing surveillance and pressure by Polish authorities on the Emb Staff and household servants during February. This interest was manifest through apparent attempts at infiltration, harassment of household servants, and unusual surveillance of certain American employees. The Amb feels that the situation has at least the potentialities of a concerted attack by the Polish Govt on the Emb personnel's freedom of movement. [REDACTED] COMMENT: This type of police activity has occurred several times before, and has been in some cases a prelude to further inroads on Emb activity. Thus, similar harassing tactics preceded last year's request for a reduction in the number of Emb service attaches.

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"B" Unrest Reported in Szczecin. The US Emb in Warsaw has received two unconfirmed reports of unrest and labor difficulties in Szczecin (Stettin) during February. East Germans in Szczecin are reportedly becoming increasingly dissatisfied with their lot and as a result are being repatriated to East Germany. A more specific unconfirmed report concerns itself with a Szczecin dock strike sometime in February. The strike was described as a spontaneous demonstration against the shipping of foodstuffs and manufactured products to the USSR. The Emb notes a Polish Navy report, approximately at the time of the strikes, that foreign shipping was refused entry into the port of Szczecin, and attributes the Navy action to a possible desire by the government not to let this unrest become generally known.

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[REDACTED] COMMENT: Other reports in recent months have noted unrest in Szczecin, which may in part be accounted for by the reported reduction of Soviet troops in the area.

TOP SECRET

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SECTION 2 (EASTERN)

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"B" IRAN. Martial Law Extended to Oil Field Areas. Premier Hussein Ala has ordered the military governor of Khuzistan to enforce martial law in Abadan, site of the Anglo-Iranian Oil Company (AIOC) refinery, and in nearby towns in the midst of the strategic oil region. This decision was reportedly taken following an allegedly Communist-inspired strike in that area by students and by apprentices of the AIOC. All communications between this area and Tehran have been cut off. [REDACTED]

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[REDACTED] COMMENT: It is not yet possible to determine either the real cause or the seriousness of the strike. The government was previously restrained from declaring martial law by the necessity of obtaining Majlis approval; however, following the recent disbandment of Majlis, it is apparently trying to control the situation by imposing martial law where it is most necessary. Majlis action on this subject, when it reconvenes, should provide an important indication of the general trend of events in Iran.

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"A" INDIA. Reported Purge in Communist Party of India. An article by Margaret Parton from New Delhi, in the New York press, reports that a purge of "Anglo-American spies and Titoists" who are said to hold high office in the Communist Party of India, will take place this year. Her informant, an anonymous CPI member, further reports that P. C. Joshi, of pacifist leanings, and the militant B. T. Ranadive, both former secretaries-general of the Communist Party in India, are among those under fire. [REDACTED]

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COMMENT: This report cannot be confirmed on the basis of available evidence. It may be an attempt by the Communist Party of India to lull the Indian Government into thinking there is too much confusion within the party itself for it to be an effective disruptive force. In the case of a recent article by Miss Parton on the Indian-US grain negotiations, she appears to have been "taken in" by an Indian informant.

"B" PHILIPPINES. Huk Attack on Chrome Mine. Philippine G-2 reports that a large Huk band, estimated to number 200, raided a chrome mine in northern Zambales province (west coast of Luzon) on 26 March. Two American families totalling six persons were reported missing. The mine property was looted and severely damaged [REDACTED] COMMENT: This raid, which has also been reported in the press, may be part of Huk plans to

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celebrate their ninth anniversary. Although press speculation has arisen that the Huks have discarded their policy of non-violence toward US citizens, available evidence is not sufficient to support such a conclusion. The raid apparently followed previous patterns in which the Huks attacked weakly defended areas where supplies were available.

"B" INDOCHINA. Viet Minh activities. USMILAT reports that Viet Minh destruction of the principal source of water for the port of Haiphong is not so grave as earlier reports would indicate, and that reported Viet Minh attacks on the French perimeter in the Tonkin delta have involved only one enemy company, which was driven off. [REDACTED]

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"A" Workers' Party outlines international aims. According to the Ho Chi Minh radio the aims of the newly created Vietnam Workers Party (Laodong) are: (1) to rally the people against the imperialist aggressors, (2) to render all-out assistance to the peoples of Laos and Cambodia, and (3) to "help actively" the liberation movements of other oppressed peoples, including the Filipino, the Malay, and the Moroccan peoples. [REDACTED] COMMENT: The intent of the Indochinese Communist Party (for which the Laodong Party is the transparent cloak) to extend its activities into Laos and Cambodia has earlier been evident, but this represents an unprecedently bald statement of the intentions of the Vietnamese Communists. Similarly, the intent of the Vietnamese Communists to assist rebel movements in other areas has not previously been expressed so plainly.

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"B" CHINA. Taiwan faces serious financial crisis. ECA officials on Taiwan are again pointing out the unfavorable financial condition of the Chinese Nationalist government. Proposals calling for increases in military expenditures and related civilian expenditure have worsened the outlook in the past few months. It is estimated that the government deficit this year may reach US \$40 million. The foreign exchange deficit is expected to become worse in the summer and autumn after exports from the old sugar crop stop and before the new sugar crop moves in. The foreign exchange deficit may then run at US \$4 million a month. With the Chinese Nationalists having spent about US \$70 million from reserves last year, their present reserve holdings -- aside from the gold used for currency backing -- are reported as almost exhausted. [REDACTED]

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[REDACTED] COMMENT: This warning of ECA officials follows others along similar lines [REDACTED]

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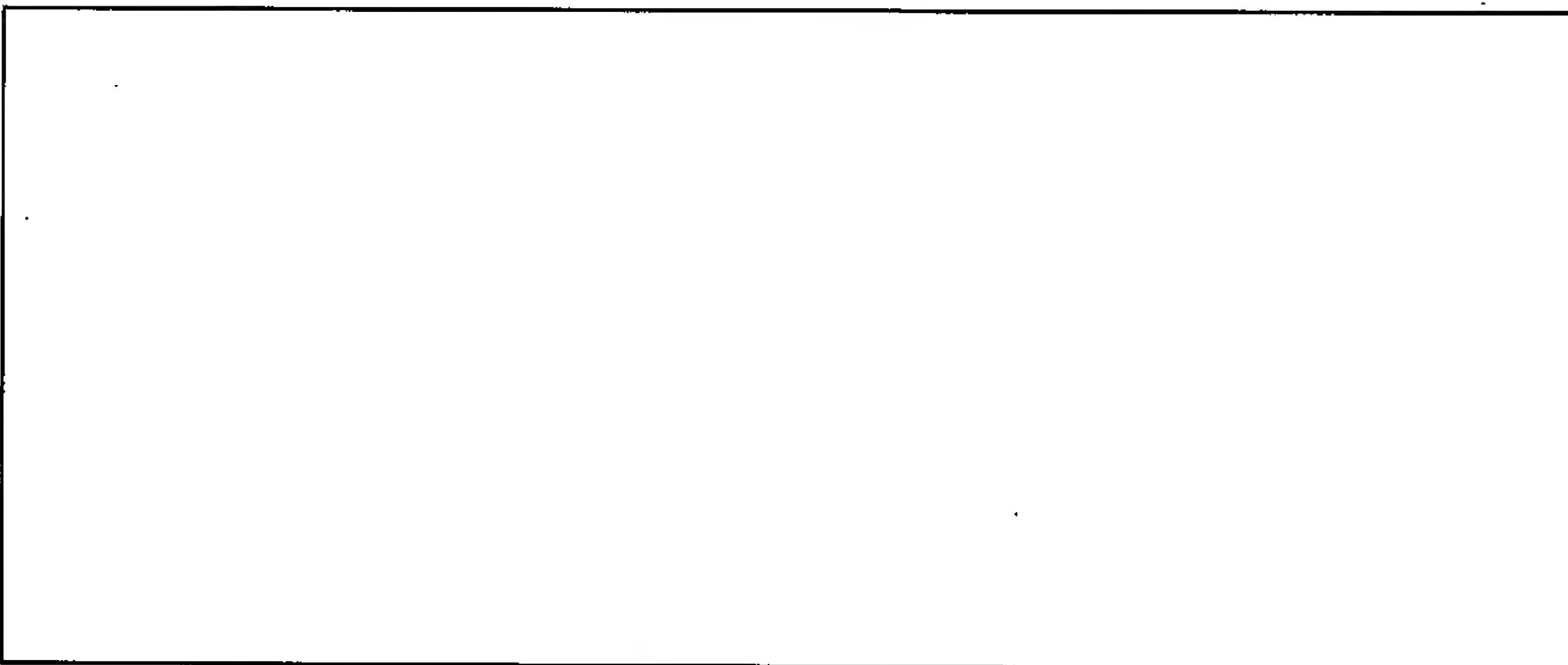
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"C" KOREA. ROK Government Battles Inflation. ROK Premier John Chang in a 24 March address urged his countrymen to take vigorous steps to control inflation. Premier Chang stated that the government has decided upon a drastic tax reform, and that taxes heretofore collected by village authorities will be collected by provincial authorities. [REDACTED]

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COMMENT: While Premier Chang's recognition of the serious economic difficulties of the ROK is in strong contrast to previous irresponsible ROK fiscal policy, it remains to be seen what concrete steps will be taken.

"C" Communist Propaganda Device. A light Communist plane equipped with a loudspeaker flew over UN lines from midnight to dawn on 28 March calling on UN troops to surrender. The announcer's English was somewhat inadequate and the only discernible words were "surrender or die". [REDACTED]

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[REDACTED] COMMENT: This is the first time the Communists have employed this tactic, which has been used for several months by the UN's psychological warfare arm.

"C" JAPAN. YOSHIDA Favors Cooperation with the US. Prime Minister YOSHIDA Shigeru advised a group of Japan's leading businessmen in Tokyo on 28 March that he wants to see "full political, economic, and military cooperation between Japan and the US." He added, however, that discussions on rearmament should be avoided because of the unfavorable impression which would be created among foreign countries. [REDACTED]

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COMMENT: The statement is characteristic of the political tightrope walking of the Japanese Government. Rearmament discussion is postponed in order to avoid exciting such World War II enemies as Australia, New Zealand and the Philippines (and thereby hindering the peace treaty) while the reference to cooperation with the US may be interpreted as at least rearmament for self-defense. As a quid pro quo for US economic assistance, which the Japanese desire, they undoubtedly foresee rearming for self-defense. This is one of YOSHIDA's stronger statements on behalf of cooperating with the US.

TOP SECRET

TOP SECRET

SECTION 3 (WESTERN)

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"A" FRANCE. Communists Ready to End Strikes. The French Communist Party (PCF) Strike Strategy Committee has recommended to the PCF Politburo that the current strike wave be ended now so that a new strike campaign can be planned. The Committee believes that prospects for political exploitation of future strikes have now improved, inasmuch as the Party and the Communist-led General Labor Confederation (CGT) have recovered some prestige and labor's bargaining position is stronger. [REDACTED]

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[REDACTED] COMMENT: This realistic PCF decision follows the original preference of some CGT leaders for strikes of limited duration which would not overtax labor's present capabilities, and will benefit the PCF's future strike efforts.

"B" SWEDEN. New Communist Party Chairman. The biennial Swedish Communist Party Congress, held over Easter holidays, elected Hilding Hagberg, acting chairman of the SKP since 1949, to replace the ailing Sven

TOP SECRET

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Linderot as party chairman. [REDACTED]

COMMENT:

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A member of the lower house of the Riksdag from the Communist stronghold of Norrbotten, Hagberg has been vice chairman of the SKP, chairman of the party's parliamentary delegation and a member of the Working Committee (Politbureau) of the party. As Hagberg is a willing tool of Fritjof Lager, the Moscow-oriented Party Secretary who controls the SKP, his succession to the chairmanship represents a final step in the reorganization of the party as a close-knit "hardcore" group under the domination of Lager.

"C" ARGENTINA. Argentina Bans "Voice of America" and Other Foreign Radio Programs. Argentine broadcasting facilities have been denied to the "Voice of America", BBC, the Venezuelan Embassy and other foreign cultural groups as a result of a government order which established "the principle of reciprocity as prerequisite to this type of radio program". In interpreting the order, radio stations have banned all radio programs "dedicated to any given country or under the auspices of an embassy, consulate, or cultural institute". [REDACTED]

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[REDACTED] COMMENT: This order repeats previous sporadic restrictions on foreign information programs and reflects the Peróns' bitterness concerning mounting criticism of the La Prensa affair.

"C" ECUADOR. Attempt to Purchase Naval Vessels from the US. In the hope that his bargaining power may be enhanced by Ecuador's participation in the current Inter-American Meeting of Foreign Ministers, the Commander-in-Chief of the Ecuadoran Navy, César Endara Peñaherrera, has departed for Washington to pursue the purchase of naval vessels under the Mutual Defense Assistance Act. US Emb Quito comments that failure to obtain the vessels, especially if Peru should receive any military assistance, would undoubtedly set off criticism of the US and of the present Ecuadoran Government for its all-out backing of US projects.

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[REDACTED] COMMENT: Ecuador seeks to purchase two destroyer escorts, and has been negotiating with US authorities on this matter for the past few months.

"B" CUBA. Communist Plans to Infiltrate Non-Communist Press. An editorial in the Diario de la Marina states that through an organization known as the International Organization of Press (IOP) (presumably the International Organization of Journalists), located in Prague, an order has gone out to infiltrate the democratic press in every country. The editorial adds that the IOP is preparing to hold a series of journalistic conferences, and it warns the Cuban press to be particularly careful of infiltration activities. It further states that the existence of the IOP in Cuba, with its program, is a reality and that possibly the text of the directives sent from Prague soon will be known publicly.

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[REDACTED] COMMENT: The information for the statements in the editorial regarding the IOP is based on material obtained

TOP SECRET

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by either the Cuban Army or GRAS, the secret anti-subversive organization of Cuba. Increased exploitation of material published in the democratic press (whether Communist-inspired or not) is not apparent in Cuba but is evidenced in some Latin American countries. It represents one facet of the current Communist program for the Western Hemisphere established in recent months at meetings in Moscow and satellite capitals attended by Latin American Communist leaders.

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SECTION 3 (WESTERN)

"B" FRANCE-NORTH AFRICA-VIETNAM. French Foreign Office Version of Reinforcements for De Lattre. A Foreign Office spokesman, confirming press reports that the reinforcements for Indochina will be drawn from North Africa, advises that the previously reported total of 13,000 will be "largely cadres" and will be supplemented by 2,000 "technicians". These reinforcements will go forward over a "several months" period, commencing shortly, and General De Lattre has revealed a Cabinet commitment that they will be in addition to the full number of needed replacements. [REDACTED]

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[REDACTED] COMMENT: During the next "several months" when these reinforcements are expected to arrive in Indochina, the French consider a Chinese Commie invasion unlikely, and hence De Lattre will count on a force which would give him a "good chance" of repulsing the Chinese.

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